



Exporters adapt to combat strong NZ dollar

UNDER EMBARGO: Auckland, 0500, Friday June 20, 2014: In the face of the strong New Zealand dollar, exporters are looking at innovative ways to combat it, according to a survey by DHL Express New Zealand.

The strong New Zealand dollar is still the biggest challenge facing exporters with half of those surveyed citing it was having a negative impact on profit (50%), and that it was affecting their ability to compete with overseas competitors (50%).

However, the survey also showed that exporters are focusing on areas of their business they can control such as looking at new markets and offsetting costs through importing. Many are seeing the benefits of having a presence online.

“Exporters have had to contend with the strong Kiwi dollar for some time now, so it’s not surprising that many have looked for ways to adapt as opposed to waiting for things to get better,” says DHL Express NZ Country Manager Tim Baxter. “It’s during economic times like these that Kiwi tenacity shines through.”

To specifically combat the high dollar, over a third (39%) of exporters have a re-pricing strategy in place, and 36% were looking to new markets. Seventy four per cent (74%) of exporters are also importing, with a quarter (27%) purposely looking to purchase more imports or raw materials overseas to offset the impact of the high dollar.

Orders over the last 12 months were greater than anticipated. Sixty-four per cent (64%) of exporters experienced an actual increase in orders, whereas only 59% forecast an increase 12 months ago.

“Exporters have grown accustomed to the high dollar and have developed coping strategies. As for the newer exporters, many will have known a high dollar for the duration



of their development, and will have factored that into their planning from the beginning,” says Baxter.

Other challenges exporters face

While the exchange rate continues to dominate as the biggest challenge for most exporters (55%), this is followed by rising fuel costs (34%) and increased competition in export markets (32%).

How will exporters increase orders?

Forty per cent (40%) of exporters are reviewing and improving business processes to increase orders in the next 12 months. An equal number (40%) are enhancing their online presence with 36% looking to enter new markets.

Online commerce was identified as a low cost means to increase market reach, as more than 70% of exporters have experienced positive outcomes from online commerce through increased visibility, customer reach and business opportunities.

“Online continues to be a good vehicle for increasing presence in international markets,” says Tim Baxter. “New Zealanders are well known for being early adopters, and these findings only reinforce that exporters are highly adaptable.”

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*The survey was conducted by ACA Research and 205 New Zealand exporters were surveyed. The research period was 29 April – 16 May 2014.

DHL Express NZ aims to analyse export confidence in New Zealand and identify export trends. The survey is based on nationwide independent research, examining the business outlook of New Zealand exporters, highlighting changes in overseas market demand and providing insights into the factors impacting on New Zealand’s export trade.



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DHL is part of Deutsche Post DHL. The Group generated revenue of more than 55 billion euros in 2013.